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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91192738
Party	Plaintiff Conan Doyle Estate, LTD.
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Attachments	Reply In Further Support of Motion For Oral Deposition of Justin Shulman.pdf (15 pages)(1425384 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

CONAN DOYLE ESTATE, LTD.,

Opposer,

v.

Opposition No. 91192738

THE SHERLOCK HOLMES MEMORABILIA
COMPANY LIMITED,

Applicant.

CONAN DOYLE ESTATE, LTD.

Petitioner,

v.

Cancellation No. 92052090

THE SHERLOCK HOLMES MEMORABILIA
COMPANY LIMITED,

Registrant.

**REPLY IN FURTHER SUPPORT OF
MOTION FOR ORAL DEPOSITION OF JUSTIN SHULMAN**

Opposer/Petitioner Conan Doyle Estate, Ltd. (Conan Doyle), pursuant to 37 C.F.R. § 2.120(c)(1) and T.B.M.P. § 404.03(b), hereby submits its Reply in Further Support of Motion for Oral Deposition of Justin Shulman. Applicant/Registrant's Response is unpersuasive for the following reasons: (1) the Motion is not premature because it does not seek discovery before the opening of the discovery period, but only seeks the Board's permission for a particular method of discovery once the period opens; (2) even though it is not necessary for this type of motion to include a statement of a good-faith effort to resolve the dispute, Conan Doyle did make such an effort and included a statement in its Motion; and

(3) Applicant/Registrant's Response actually helps establish good cause for an oral deposition. Specifically, the Response attaches a "Draft Agreement" that Justin Shulman reportedly sent to Conan Doyle for consideration. That "Draft Agreement" is a document that Conan Doyle's counsel had not discovered yet, and is at least the third different arrangement that Justin Shulman proposed to Conan Doyle. The various arrangements that Mr. Shulman proposed make it all the more important to sit down with him in person to explore what he knew about Conan Doyle's rights, what he was seeking, and why.

ARGUMENT

A. The Motion Is Not Premature

Applicant/Registrant's argument that the Motion is premature is hyper-technical, and in any event incorrect. Contrary to Applicant/Registrant's characterizations, Conan Doyle's Motion does not seek discovery, but rather seeks permission from the Board to conduct discovery in a particular way. Indeed, Conan Doyle cannot request or notice Mr. Shulman's deposition, which would be seeking discovery, until the Board determines whether it will grant the Motion. Conan Doyle is simply seeking to settle the method of discovery in advance so that upon the opening of discovery it could proceed efficiently. In any event, discovery opened on April 30, 2010, and Conan Doyle has served its initial disclosures. The Motion is presently ripe for decision and should be granted on its merits.

B. A Statement of Good Faith Effort to Resolve the Issue Was Not Required, But Was Made Anyway

Applicant/Registrant's second procedural argument is even less persuasive. Relying on Rule 2.120(e)(1), Applicant/Registrant erroneously argues that the Motion should be denied because it does not contain a statement indicating a good faith effort was made to resolve the issues presented. (Resp. at 2.) To the contrary the effort was made and stated in

the Motion. At the initial discovery conference in this matter, counsel for Conan Doyle asked for Applicant's agreement to take the oral deposition of Mr. Shulman in the United Kingdom, and offered in exchange an oral deposition of a Conan Doyle representative. Applicant/Registrant's counsel refused. The Motion reported "Applicant has declined to stipulate to Mr. Shulman's oral deposition even though Conan Doyle offered the oral deposition of a representative of Opposer as well." (Mot. at 2.) A similar agreement was proposed after the present Motion was filed and before Applicant responded. Again Applicant/Registrant refused. Thus, a good faith effort to resolve the issue was made and stated in the Motion.

Moreover, by its own terms, Rule 2.120(e)(1) only applies to motions to compel disclosure or discovery. The Motion cannot reasonably be construed as motion to compel. Again, Conan Doyle seeks Board permission to conduct Mr. Shulman's deposition in a particular way. This procedure is addressed under Rule 2.120(c)(1), which indicates that unless Conan Doyle demonstrates good cause, Mr. Shulman's deposition must be taken on written questions. Because an oral deposition of a party or agent residing in a foreign country requires a good-cause showing, such relief cannot be sought under a motion to compel. Rule 2.120(e)(1) and Applicant/Registrant's argument based on it are inapplicable.

C. Good Cause for Oral Deposition Is Supported by the Response and Attached Exhibit

1. The standard is good cause.

The parties agree that the standard for an oral deposition of a party or agent residing in a foreign country requires a showing of good cause, as set forth in 37 C.F.R. § 2.120(c)(1). (Resp. at 2.) Without citation to any authority, however, Applicant/Registrant contends that in order to show good cause, Conan Doyle must show that there is something unusual about

the situation. (Resp. at 2-3.) This is not the standard. Rather, as set forth in *Orion Group, Inc. v. Orion Ins. Co. P.L.C.*, 12 U.S.P.Q. 2d 1923, 1989 WL 274396, * 3 (T.T.A.B. 1989), whether good cause exists for an oral deposition is determined on a case-by-case basis by weighing the equities. The Board has specifically identified two factors to be weighed: the advantages of an oral deposition and the financial burden on the party to be deposed. Moreover, no rule or Board opinion states or implies that the good cause standard under § 2.120(c)(1) is a particularly heavy burden, as Applicant/Registrant suggests. (Resp. at 3.)

2. *Orion Group, Inc.* supports a finding of good cause.

Applicant/Registrant's attempt to distinguish *Orion Group, Inc.* from this case is not persuasive. As was the case in *Orion Group, Inc.*, it is clear from Applicant/Registrant's initial disclosures that Mr. Shulman will indeed be a witness for Applicant/Registrant, if not its central witness. Applicant/Registrant also contends that the subject matter of the testimony sought from Mr. Shulman is not specialized or complex. (Resp. at 4.) First, there is no requirement in the good cause standard that the subject matter be particularly specialized or complex. Rather, the Board weighs the equities of the advantages of an oral deposition to Conan Doyle against any financial hardship to Applicant/Registrant. Second, the information Conan Doyle seeks to obtain from the deposition of Mr. Shulman is indeed complex factual knowledge that is uniquely within his control. As set forth in the Motion, over a period of several years and on numerous occasions, Mr. Shulman approached Conan Doyle representatives with offers of various business arrangements, including licenses of Conan Doyle's trademark rights. His knowledge of these rights is critical because Mr. Shulman signed the opposed trademark registration application.

3. Factual issues raised in the Response demonstrate good cause for oral deposition.

Applicant/Registrant tries to minimize these grounds for good cause by claiming that Conan Doyle's fraud claim is unsupported. Applicant/Registrant attaches a copy of a "Draft Agreement" (Resp. at 5, Ex. A), that Mr. Shulman purportedly proposed to Conan Doyle, and argues that the trademark Mr. Shulman was asking Conan Doyle to license "was not SHERLOCK HOLMES but rather the Conan Doyle 'family Crest/Logo.'" (*Id.* at 6.)

Conan Doyle was not familiar with the "Draft Agreement" attached to the Response and is not aware of when or to whom it was proposed. Conan Doyle did, however, receive from Mr. Shulman two other documents, attached hereto as Exhibits 1 and 2. Both mention licensing agreements with Applicant/Respondent, but neither are models of clarity.

Exhibit 1 states:

[N]either [Conan Doyle] nor any person claiming through me or the Author will raise any objection at any time to the creation or commercial exploitation in any manner of any . . . [literary, artistic and dramatic works, films, books, comics, and merchandise based upon the Sherlock Holmes characters, including Sherlock Holmes], whether on the ground of . . . trade marks, passing off, or unfair competition[.]"

(Ex. 1, ¶ 3(a).) On its face, this document proposes that Applicant/Registrant be allowed to use Conan Doyle's trademark in Sherlock Holmes for an array of literary and artistic works, film, products, and merchandise. The creation, exchange, and intent of Mr. Shulman's various proposals will undoubtedly be a central issue in this proceeding, and an oral deposition of Mr. Shulman is the only practical way of getting to the heart of these matters. Thus, the Response actually raises the very factual issues that demonstrate the good cause for an oral deposition of Mr. Shulman.

Moreover, the Response reveals exactly what will transpire if Mr. Shulman's testimony is elicited in written form. Applicant/Registrant's answers to written deposition

questions will be reviewed and filtered by its attorneys in an attempt to diminish Mr. Shulman's prior dealings with Conan Doyle. The advantages of an oral deposition under these circumstances are evident and significant. In an oral deposition Mr. Shulman will have to give unfiltered factual answers to questions about the meaning of the terms in the draft agreements, his intentions, and his knowledge of Conan Doyle's trademark rights. The ability to ask Mr. Shulman immediate follow-up questions is also crucial to Conan Doyle's ability to ascertain the information it seeks.

4. There is no showing of financial hardship.

As to the other factor the Board has stated it will weigh, Applicant/Registrant does not directly argue that an oral deposition in London would be a financial hardship. Rather it takes issue with Conan Doyle failing to calculate certain expenses and contends that the Board should not consider the relative costs of the parties to fly to London. First, travel expenses associated with a trip to London are comparable to the expenses associated with travel to many locations within the United States. This was expressly noted in *Orion Group, Inc.*, when it weighed the financial factor. 1989 WL 274396, *3. In addition, in *Orion Group, Inc.* the Board expressly considered the relative costs of the parties for travel, *id.*, and Applicant/Registrant has not established why that would not be appropriate in this case. Finally, contrary to Applicant/Registrant's criticisms, whether translation costs would be necessary was another factor addressed in *Orion Group, Inc. Id.*

Applicant/Registrant also argues that attorneys' fees should be added to the calculation, but does not contest Conan Doyle's argument that in this instance an oral deposition may actually take less time and be less expensive. (Resp. at 7.) The attorneys' fees associated with a written deposition must also be factored into the equation, and

Applicant/Registrant has not demonstrated that the attorney fees will be greater for an oral deposition.

Finally, without providing any factual support, Applicant/Registrant appears to suggest that it is the poorer party. (Resp. at 7.) Nonetheless, Applicant/Registrant has the financial resources to retain a prestigious and expensive New York law firm to represent it in extensive trade mark registration work and related proceedings. The advantages of an oral deposition are significant and meet the good cause standard. Even if a moderate expense is incurred by Applicant/Registrant, it does not outweigh this advantage. Under the good cause standard, in weighing these equities Conan Doyle requests that the Board grant an oral deposition of Mr. Shulman.

CONCLUSION

Based upon the foregoing reasons and those set forth in the Motion, Conan Doyle hereby requests that the Board grant its Motion.

Dated: 20 May 2010

Respectfully submitted,

SUTIN THAYER & BROWNE
A Professional Corporation

By



Benjamin Allison
Lynn E. Mostoller
Monica C. Ewing

Post Office Box 2187
Santa Fe, New Mexico 87504-2187
(505) 988-5521

*Counsel for Opposer/Petitioner
Conan Doyle Estate Ltd.*

CERTIFICATE OF SERVICE

I hereby certify that the Motion for Oral Deposition of Justin Shulman was served on
20 May 2010 by first class mail, postage prepaid to:

Robert A. Becker
Fross Zelnick Lehrman & Zissu, P.C.
866 United Nations Plz.
New York, NY 10017-1822

SUTIN THAYER & BROWNE
A Professional Corporation

By 

To be typed on the Trustees' official letterhead, if any

The Directors,
More Entertainment Limited,
230 Baker Street,
London NW1 5RT

Dear _____,

[Date]

Clearance and Authority

1. I confirm that I am the sole surviving trustee and successor in title to the executors of the will of the late Sir Arthur Conan Doyle (the "Author"), who died on 7 July 1930, and as such I am the legal owner of all subsisting rights in the Author's literary works featuring the imaginary detective, Sherlock Holmes.
2. I understand that you wish to create and commercially exploit a progression of literary, artistic and dramatic works and films based initially upon the Sherlock Holmes characters, including in the first instance children's books and comics, films and derivative works and merchandise featuring a series of cartoon characters including Holmes and any other characters created by the Author and a group of characters to be known collectively as "the Baker Street Irregulars" all of whose adventures will recall but may or may not be based upon the Sherlock Holmes stories.
3. Subject to the condition in paragraph 4, in return for your promise to issue or transfer to me as sole trustee of the estate of the late Sir Arthur Conan Doyle fully paid shares in your company equivalent to 2 % of its equity share capital following that issue or transfer, I confirm that:
 - (a) neither I nor any person claiming through me or the Author will raise any objection at any time to the creation or commercial exploitation in any manner of any work, film, character or merchandise as described in paragraph 2, whether on the grounds of copyright, design right,



trade marks, passing off, unfair competition, moral rights, rights of privacy or any similar or overlapping ground or right under the law of any other country, or on any other ground whatsoever.

- (b) you may represent yourselves and any work, film, character or merchandise as described in paragraph 2 as being authorised in perpetuity by me and/or by the Author's estate in any of the following ways, or in any other manner agreed between us from time to time:

- (i) "by kind permission of the Trustee of the estate of the late Sir Arthur Conan Doyle";
- (ii) "[created] [based on a creation] by _____ and inspired by Sir Arthur Conan Doyle, by kind permission of his personal representatives"

- (c) I will not grant any confirmation or permission similar to those contained in this paragraph 3 to any third party in relation to any Sherlock Holmes - related work, film, character or merchandise;

- (d) I have the power and am authorised by my beneficiaries to enter into this agreement.

4. The condition referred to in paragraph 3 is that the shareholders in your company enter into a written agreement with me to the effect that they will use their powers in relation to the company to procure that:

- (a) I or my successor as trustee is appointed as director of the company and is not removed in the absence of serious misconduct or breach of duty;

- (b) no further shares in the company are issued except:

- (i) to existing shareholders (or their successors in title) and in proportion to their existing holdings;
- (ii) to employees of the company pursuant to a bona fide share option scheme approved by the board; or

- (iii) to a bona fide third party investor providing finance to the company on terms providing for rateable dilution of existing members' holdings;
 - (c) any property developed pursuant to paragraph 2 is developed by or on behalf of the company and (so far as is commercially possible) on terms providing for any relevant rights to be vested in the company;
 - (d) all transactions of the company are carried out at arm's length and for the best consideration reasonably obtainable;
 - (e) no controlling interest in the shares in the company will be transferred to any third party unless an offer is made to all shareholders to purchase their shares on the same terms – I will have no objection to being obliged to sell on those terms if the majority desires it;
 - (f) no fees, commissions or other amounts are paid to any shareholder of the company (whether or not an employee) or any associate of a shareholder (as defined in Section 435 of the Insolvency Act, 1986) except for reasonable fees and salaries (having regard to the size of the company and market conditions) approved by the board or by way of dividend or in any other manner I may agree to.
5. Please sign and return the enclosed copy of this letter to indicate your agreement to these terms. You may then instruct your solicitors to prepare a shareholders' agreement embodying the terms in paragraph 4.

Yours (etc)

As Trustee of _____

[On copy:

We accept and agree to the terms of the letter of which this is a copy.

Date:

CORE BUSINESS ACTIVITIES

INTELLECTUAL PROPERTY & ACQUISITION OF EXISTING S/H IP

Sherlock Holmes Trademarks and our trading history as SHMC are our biggest assets.
Purchase existing Sherlock Holmes related properties for development.

LICENSING

Identifying key areas that our brand lends itself too and licensing through our appointed licensing agents.
Deerstalker Hat, Scotch Whiskey, Aroma, Spy-ware, Gadgets, Hardware

MULTI-MEDIA

Books, Television, Films, Computer Games, Radio Plays, CD/Cassette, Internet

EDUCATIONAL TOOLS

Language tools for people learning English (think linguaophone). Tie ups with various National Curriculum's also.

QUALITY CONTROL

Quality control with all licensing deals produces an added revenue stream and a higher end quality product.

DATABASE

We are tapped into Key Sherlock Holmes Societies and scions throughout the world. This and our shop/internet/SHMC credit card database of customers gives us an unparalleled access to Sherlockians internationally.

MACRO OUTCOME

What we are putting into the business

- 1) Our trading history and extensive knowledge of the property.
- 2) Trademarks and copyright.
- 3) Various rights including publishing rights to Jeremy Brett's biography.
- 4) Good working relationship with the Conan Doyle family.
- 5) Established connections with Sherlockians internationally.
- 6) We are offering an opportunity to invest into the most famous fictional character globally.
- 7) An excellent understanding of consumer demand.
- 8) Franchise rights to SHMC.

Desired outcome of the business

Through the implementation of our guide lines, taking the company from strength to strength, thus becoming a multi-national corporation.

CONFIDENTIALITY AGREEMENT

Address:

Date: 6th December 2004

To: The Sherlock Holmes Memorabilia Company (UK)
230 Baker Street
London NW1 5RT

Dear sirs,

In consideration of you disclosing to us certain of your confidential information, marketing, methods, know-how and techniques relating to, "THE SHERLOCK HOLMES MEMORABILIA COMPANY (UK)" all of which are strictly confidential ("the Proprietary Information") which shall include for this purpose any and all information referred to in your summary dated 1st October 2004 and at any time afterwards entrusted to our keeping, we agree as follows:

1. At all times during any negotiations and discussions with you and at all times afterwards, to keep strictly secret and confidential and not to disclose or divulge any of the Proprietary Information directly or indirectly to any person, firm or corporation whatsoever or whosoever without your prior written consent except during the course of the negotiations and discussions to such of our employees or professional advisors to whom such disclosure is absolutely necessary for the purpose of the performance of their duties and only then to such extent as may be necessarily required.
2. To ensure that each of such employees professional advisors whether or not he or she has access to any of the Proprietary Information is made aware of the strictly confidential nature of the Proprietary Information and enters into a binding agreement to maintain such secrecy.
3. Not to make any copies of the Proprietary Information or otherwise make it known in any way to any third party without your prior written consent.
4. Not during the length of the negotiations and/or discussions or at any time afterwards for our own benefit of a third party in any way to use either in part or whole any of the Proprietary Information except where the Proprietary Information may lawfully have been disclosed into the public domain.

by _____
Authorised Signatory

_____ (full name)

Dear Charles,

I am writing to confirm the agreement which has been reached in principle between the Sherlock Holmes Memorabilia Company Limited ('the Company') and yourself on behalf of the Conan Doyle Family and Heirs (the Family):

1. To establish an exclusive agreement whereby The Family agrees to enter into licensing agreements alongside SHMC for all products/product lines relating to the original characters set out in (Sir) Arthur Conan Doyle's stories of Sherlock Holmes.
2. The Family will grant to the Company the exclusive right to reproduce and otherwise use the Family name and crest in connection with the marketing and sale of the Products, and establish itself as the official 'Sherlock Holmes' Licensor.
3. The rights granted to the Company will be exclusive throughout the world for the duration of the agreement.
4. All products to be endorsed will be presented for approval, which will be deemed to be given if no response is received within 14 days.
5. Any products not approved can be marketed and sold by the Company without endorsement.
6. The Company will pay the Family a licence fee of 1% of the net turnover of all Products sold by the Company outside the UK and bearing the Family's endorsement.
7. The above agreement is subject to the parties entering into a binding written agreement in a form acceptable to both parties, which will contain further provisions usual in an agreement such as this.

If the above is acceptable please sign and return the enclosed copy of this letter and I will instruct our solicitors to proceed.

Yours etc

